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SIMULATOR SYSTEMS GROUP



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Changes in the Contracting Process

12 May 2009

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KEY POINTS



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- **Reason for Change**
- **Process Changes**
- **Peer Review/Multi-Functional Independent Review Teams (MIRTs)**
- **Undefined Contractual Actions (UCAs)**
- **PEO/AC UCA Review Results**
- **New UCA Policy**
- **Integrated Product Team Pricing Policy**
- **Recommendations to Improve**



REASON FOR CHANGE



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- **Source selections too complex, too long**
 - Measure key discriminators, pass/fail requirements, elevate importance of cost
- **Inappropriate use of T&M, LOE, CPAF, UCAs when FFP could be used**
- **Long service contracts (exceeding 3-5 yrs) weakens competition/change**
- **Significant criticism for programs over cost & not delivering capability**



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PROCESS CHANGES



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- USAF and General Contracting Authority now within the contracting chain
 - Strengthens role & independence of AF Contracting
 - All Business/Contract Clearances in contracting
- Specific Changes:
 - OSD Pre & Post Award Peer Review - ≥ \$1B (Competitive & Sole Source)
 - AF MIRT - ≥ \$50M (Competitive)
 - Senior Acquisition Exec approval of PCO & Source Selection Evaluation Team chair for ACAT 1 - \$1B
 - UCAs – under scrutiny and increased reporting
 - IPT Pricing – gone



PEER REVIEWS

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- OSD pre- and post-award review IAW:
 - OUSD(AT&L)/DPAP 29 Sep 08 direction
 - Section 808 of the National Defense Authorization Act for FY08
- All sole source & competitive contracts $\geq \$1B$
- Review team of multi-functional OSD personnel
- Pre-award review prior to:
 - Issuance of the RFP
 - Request for final proposal revision (FPR)
 - Contract Award
- IMPACT - Additional contract award schedule needed



MULTI-FUNCTIONAL INDEPENDENT REVIEW TEAMS (MIRTs)



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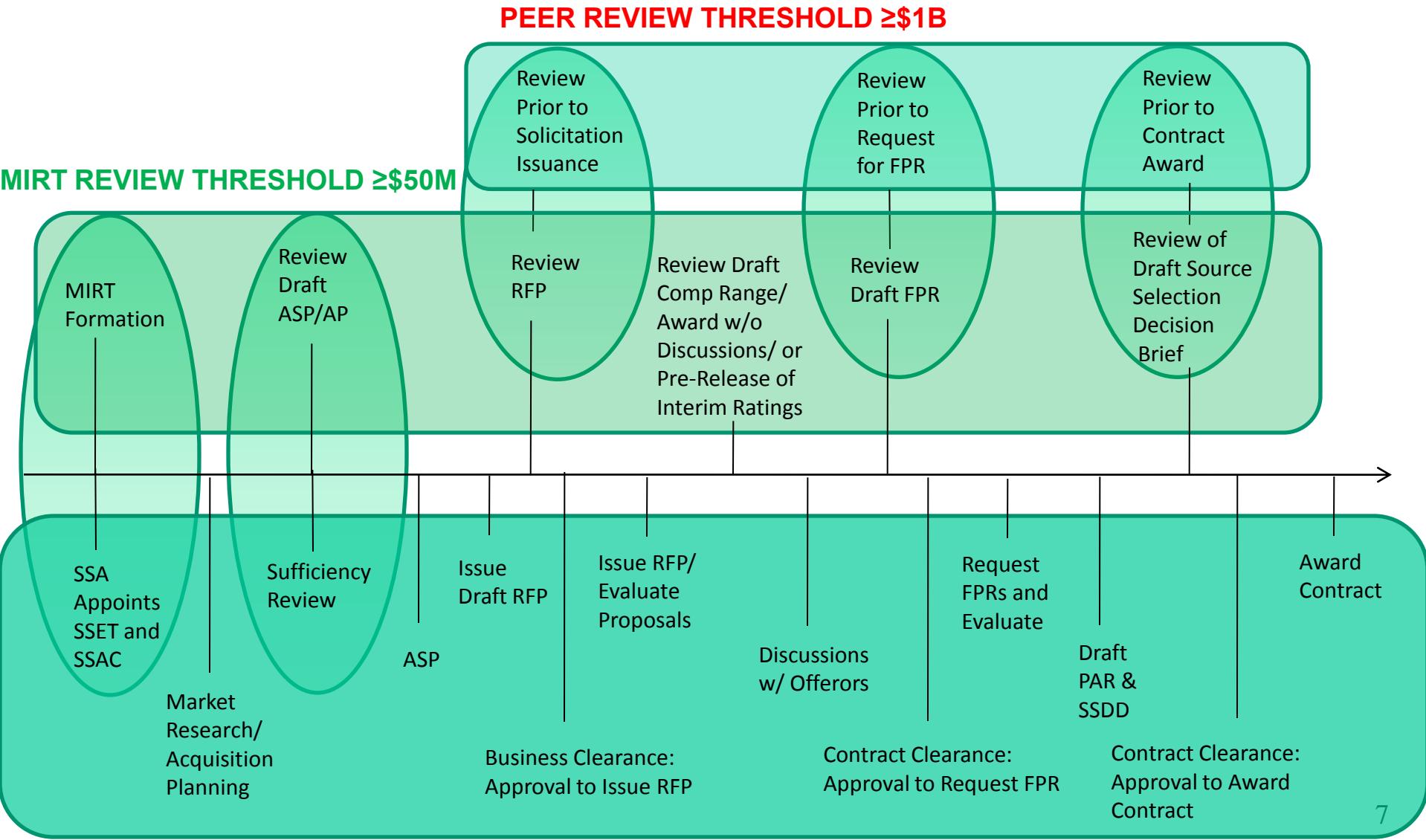
- IAW AFFARS Mandatory Procedure MP5301.9001(b) and ASAFA(A) direction
- All competitive acquisitions $\geq \$50M$
- Team consists of Air Force personnel
- IMPACT - Additional contract award schedule needed to conduct reviews of:
 - ASP brief (or Acquisition Plan)
 - Sections L&M of RFP
 - Competitive Range Brief to Source Selection Authority (SSA)
 - Request for FPR brief to SSA
 - Decision Brief to SSA



MLESTONE REVIEWS:

STANDARD SOURCE SELECTION

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UNDEFINITIZED CONTRACTUAL ACTIONS (UCAs)



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- Increased PEO/AC (Gen Hudson) oversight on use & definitization
 - PEO/AC approves all UCAs over \$10M
- More PEO/AC reporting
 - 90 day “look ahead” briefed weekly
 - Oldest 25 briefed every six weeks
 - Wing’s UCA status included with all new requests



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PEO/AC UCA REVIEW RESULTS



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- Late user requirement changes cause 20% of overage UCAs
- UCAs for Urgent Operator Needs & GWOT actions often cannot be projected/avoided
- Incremental program decisions force UCAs (to prevent production gaps)
- Inadequate, late proposals drive need for UCAs and lengthen definitization
 - Contractors are not submitting timely and complete analyses of supplier proposed prices



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NEW UCA POLICY



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- **Request UCA approval after receipt of qualifying proposal**
 - If issued prior to proposal, plan required to stop payments if proposal not delivered on time
 - Proposals must comply with Proposal Adequacy Checklist
- **Obligation of 50% of NTE is not automatic**
 - Funding should be consistent with spend plan
- **Profit/fee should match risk of to-go effort not incurred cost**
- **Note quality, time issues in CPARS, award fees**



PRICING

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- IPT pricing was concurrent requirements refinement, proposal development, fact-finding, and preliminary agreement
- IPT pricing tool rescinded IAW 27 Apr 09 AFMC Policy letter 2009-PK-003
- New direction - traditional approach:
 - Serial process – RFP to contractor
 - Contractor then independently prepares proposal
 - Govt establishes negotiation objective after audit and tech eval
 - Govt obtains approval to enter into negotiations



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RECOMMENDATIONS TO IMPROVE



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- Better requirements definition upfront brings better understood/priced contracts
- Timely proposal submittal
- Follow proposal adequacy checklist
- Strengthened Industry/Govt overview process
- Increased emphasis on business deal thru MIRTs/Peer Reviews
- More to come...